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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

In re SILICON GRAPHICS, INC. II
SECURITIES LITIGATION

) Master File No. C-97-4362-SI

) CLASS ACTION

This Document Relates To:

) ~~PROPOSED~~ FINAL JUDGMENT AND
) ORDER OF DISMISSAL WITH
) PREJUDICE

ALL ACTIONS.

) DATE: January 3, 2002

TIME: 3:30 p.m.

COURTROOM: The Honorable
Susan Illston

ENTERED IN CIVIL DOCKET 1/14/02

1 This matter came before the Court for hearing pursuant to the Order of this Court, dated
2 October 17, 2001, on the application of the parties for approval of the settlement set forth in the
3 Stipulation of Settlement dated as of September 1, 2001 (the "Stipulation"). Due and adequate notice
4 having been given to the Class as required in said Order, and the Court having considered all papers
5 filed and proceedings had herein and otherwise being fully informed in the premises and good cause
6 appearing therefore, IT IS HEREBY ORDERED, ADJUDGED AND DECREED that:

7 1. This Judgment incorporates by reference the definitions in the Stipulation, and all
8 terms used herein shall have the same meanings as set forth in the Stipulation.

9 2. This Court has jurisdiction over the subject matter of the Litigation and over all
10 parties to the Litigation, including all Members of the Class.

11 3. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, this Court has certified
12 a Class of all Persons (other than those Persons who timely and validly request exclusion from the
13 Class) who purchased or otherwise acquired the common stock of Silicon Graphics, Inc. ("SGI")
14 during the period July 24, 1997 through October 6, 1997. Excluded from the Class are Defendants
15 and all Released Persons ("Excluded Persons"), members of the immediate families of the Excluded
16 Persons, any entity in which any Excluded Person has or had a controlling interest, present or former
17 directors and officers of SGI, and the legal representatives, heirs, successors, or assigns of any such
18 Excluded Person or entity.

19 4. With respect to the Class, this Court finds and concludes that: (a) the Members of the
20 Class are so numerous that joinder of all Class Members in the class action is impracticable; (b) there
21 are questions of law and fact common to the Class which predominate over any individual question;
22 (c) the claims of the Lead Plaintiffs are typical of the claims of the Class; (d) the Lead Plaintiffs and
23 their counsel have fairly and adequately represented and protected the interests of the Class
24 Members; and (e) a class action is superior to other available methods for the fair and efficient
25 adjudication of the controversy, considering: (i) the interests of the Members of the Class in
26 individually controlling the prosecution of the separate actions, (ii) the extent and nature of any
27 litigation concerning the controversy already commenced by Members of the Class, (iii) the
28

1 desirability or undesirability of concentrating the litigation of these claims in this particular forum,
2 and (iv) the difficulties likely to be encountered in the management of the class action.

3 5. Pursuant to Fed. R. Civ. P. 23 and §3(a)(10) of the Securities Act of 1933, this Court
4 hereby approves the settlement set forth in the Stipulation and finds that said settlement is, in all
5 respects, fair, just, reasonable and adequate to the Class.

6 6. Except as to any individual claim of those Persons who have validly and timely
7 requested exclusion from the Class (listed on Exhibit A hereto), the Litigation and all claims
8 contained therein, as well as all of the Released Claims are dismissed with prejudice as to the Lead
9 Plaintiffs and the other Members of the Class, and as against the Released Persons. The Settling
10 Parties are to bear their own costs, except as otherwise provided in the Stipulation.

11 7. The Court finds that the Stipulation and settlement are fair, just, reasonable and
12 adequate as to each of the Settling Parties, and that the Stipulation and settlement are hereby finally
13 approved in all respects, and the Settling Parties are hereby directed to perform its terms.

14 8. Upon the Effective Date hereof, the Lead Plaintiffs and each of the Class Members
15 shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever
16 released, relinquished and discharged all Released Claims against the Released Persons, whether or
17 not such Class Member executes and delivers the Proof of Claim and Release.

18 9. All Class Members are hereby forever barred and enjoined from prosecuting the
19 Released Claims against the Released Persons.

20 10. Upon the Effective Date hereto, each of the Released Persons shall be deemed to
21 have, and by operation of this Judgment shall have, fully, finally, and forever released, relinquished
22 and discharged each and all of the Class Members and counsel to the Lead Plaintiffs from all claims
23 (including "Unknown Claims"), arising out of, relating to, or in connection with the institution,
24 prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.

25 11. The Notice of Pendency and Proposed Settlement of Class Action given to the Class
26 was the best notice practicable under the circumstances, including the individual notice to all
27 Members of the Class who could be identified through reasonable effort. Said notice provided the
28 best notice practicable under the circumstances of those proceedings and of the matters set forth

1 therein, including the proposed settlement set forth in the Stipulation, to all Persons entitled to such
2 notice, and said notice fully satisfied the requirements of Fed. R. Civ. P. 23 and the requirements of
3 due process.

4 12. Any Plan of Allocation submitted by Plaintiffs' Settlement Counsel or any order
5 entered regarding the attorneys' fees application shall in no way disturb or affect this Final Judgment
6 and shall be considered separate from this Final Judgment.

7 13. Neither the Stipulation nor the settlement contained therein, nor any act performed
8 or document executed pursuant to or in furtherance of the Stipulation or the settlement: (i) is or may
9 be deemed to be or may be used as an admission of, or evidence of, the validity of any Released
10 Claim, or of any wrongdoing or liability of the Defendants, or (ii) is or may be deemed to be or may
11 be used as an admission of, or evidence of, any fault or omission of any of the Defendants in any
12 civil, criminal or administrative proceeding in any court, administrative agency or other tribunal.
13 Defendants may file the Stipulation and/or the Judgment from this action in any other action that
14 may be brought against them in order to support a defense or counterclaim based on principles of
15 *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any
16 theory of claim preclusion or issue preclusion or similar defense or counterclaim.

17 14. Without affecting the finality of this Judgment in any way, this Court hereby retains
18 continuing jurisdiction over: (a) implementation of this settlement and any award or distribution of
19 the Settlement Fund, including interest earned thereon; (b) disposition of the Settlement Fund;
20 (c) hearing and determining applications for attorneys' fees, costs, interest and expenses in the
21 Litigation; and (d) all parties hereto for the purpose of construing, enforcing and administering the
22 Stipulation, including, without limitation, ¶7.8 of the Stipulation.

23 15. The Court finds that during the course of the Litigation, the Settling Parties and their
24 respective counsel at all times complied with the requirements of Fed. R. Civ. P. 11.

25 16. In the event that the settlement does not become effective in accordance with the
26 terms of the Stipulation or in the event that the Settlement Fund, or any portion thereof, is returned
27 to the Defendants, then this Judgment shall be rendered null and void to the extent provided by and
28 in accordance with the Stipulation and shall be vacated and, in such event, all orders entered and

1 releases delivered in connection herewith shall be null and void to the extent provided by and in
2 accordance with the Stipulation.

3 IT IS SO ORDERED.

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5 DATED: 1/3/02


6 THE HONORABLE SUSAN ILLSTON
7 UNITED STATES DISTRICT JUDGE

8 Submitted by:

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[PROPOSED] FINAL JUDGMENT AND ORDER
OF DISMISSAL WITH PREJUDICE- C-97-4362-SI